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S. 2924

To authorize the production of Saint-Gaudens Double Eagle ultra-high relief bullion coins in palladium to provide affordable opportunities for investments in precious metals, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 28, 2008

Mr. BAUCUS (for himself and Mr. TESTER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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A BILL

To authorize the production of Saint-Gaudens Double Eagle ultra-high relief bullion coins in palladium to provide affordable opportunities for investments in precious metals, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act shall be known as the ''Original Saint-Gaudens Double Eagle Ultra-High Relief Bullion Coin Act''.

SEC. 2. FINDINGS.

The Congress finds that—

(1) the Augustus Saint-Gaudens $20 gold pieces of 1907 with ultra-high relief are considered by many in the numismatic community to be the most beautiful coins ever produced;

(2) two separate ''pattern'' versions of the ultra-high relief Double Eagle were produced in 1907;

(3) a 34-millimeter version was hand-struck on a standard Double Eagle planchet using a medal press and, because manufacturing and technical limitations prevented mass production of these pieces, this production resulted in low mintage, with fewer than two dozen specimens of the 34-millimeter version known to be in existence today;

(4) a second, 27-millimeter, version was struck using two stacked $10 Eagle planchets;

(5) these experimental ''pattern'' 27-millimeter pieces were deemed to be illegal to produce and all specimens were destroyed except for 2 that reside in the Smithsonian's National Numismatic Collection;

(6) the 27-millimeter pattern pieces are ranked by numismatists as among the most beautiful coins ever produced, but none are in private hands and none have ever come up for sale;

(7) the ultra-high relief Double Eagles are representative of the greatest period of American coinage, the so-called ''Golden Age of Coinage'' in the United States, initiated by President Theodore Roosevelt, with the assistance of noted sculptors and medallic artists James Earle Fraser and Augustus Saint-Gaudens;

(8) the introduction of this famous piece as a numismatic proof coin would not only give collectors an opportunity to own a version of a legendary coin that has never before been available for private ownership, but also inaugurate a neo-renaissance in United States coin design and demonstrate the technological advances that the United States has achieved over the last century;

(9) the modern coin version of the $20 gold piece would be updated with the addition of the inscription ''In God We Trust'' and would include the date of minting or issuance, to distinguish it from the originals and prevent counterfeiting;

(10) palladium is a rare silver-white metal, and is considered a precious metal because of its scarcity;

(11) palladium is one of 6 platinum group metals that include ruthenium, rhodium, osmium, irid-

ium, and platinum; it is the least dense and has the lowest melting point of the platinum group metals;

(12) the major nations mining palladium are in order of volume: Russia, South Africa, United States of America, and Canada;

(13) the major mine producing palladium in the United States is located in Montana;

(14) palladium is fabricated into a wide range of applications that includes its extensive use as an industrial catalyst and a key component in the manufacturing of automotive catalytic converters;

(15) palladium is also used in dentistry, jewelry, and in the production of surgical instruments and electrical contacts;

(16) the demand for precious metals is driven not only by their practical use, but also by their role as a store of value;

(17) a variety of investment options are available to palladium investors that includes coins, bars, and exchange-traded funds;

(18) palladium coins have been issued by several countries, mainly as commemorative coins, but also as bullion investment coins (bullion is the form of palladium traded for investment purposes and is a reference to its purity);

(19) Tonga commenced issuing palladium coins in 1967 and other issuing countries have included Canada, the Soviet Union, France, Russia, China, Australia, and Slovakia;

(20) today, only Canada mints palladium bullion coins;

(21) during the period 2003 through 2007, the price of palladium ranged between $148 and $404 per troy ounce, and the average price in 2007 was $355 per troy ounce;

(22) by contrast, during the same period, the price of platinum ranged between a low of $603 and a high $1,544, and the average price in 2007 was $1,303 per troy ounce;

(23) thus, platinum bullion coins have become too expensive for the average investor;

(24) The Royal Canadian Mint minted platinum bullion coins for 14 years (between 1988 and 2001), but ceased production in the face of high metal prices and declining sales;

(25) when the United States Mint's American Eagle Platinum Bullion Coin was launched in 1997, the average price for the metal that year was $395 per troy ounce; and

(26) over the past decade, the price has more than tripled, which has caused a dramatic decline in demand for these coins, from 80,050 ounces sold in 1997 to 9,050 in 2007.

SEC. 3. ORIGINAL SAINT-GAUDENS DOUBLE EAGLE ULTRA-HIGH RELIEF BULLION COIN.

Section 5112 of title 31, United States Code, is amended—

(1) in subsection (a), by adding at the end the following new paragraph:

''(11) A $20 coin that—

''(A) is 27 millimeters in diameter;

''(B) weighs 1 ounce;

''(C) is of an appropriate thickness, as determined by the Secretary; and

''(D) bears, on the obverse and reverse, the designs of the famous 27-millimeter version of the 1907 Augustus Saint-Gaudens Double Eagle ultra-high relief gold piece, as described in subsection (t).''; and

(2) by adding at the end, the following new subsection:

''(t) ORIGINAL SAINT-GAUDENS DOUBLE EAGLE ULTRA-HIGH RELIEF COINS.—

"(1) IN GENERAL.—Beginning January 1, 2009, the Secretary shall commence minting and issuing for sale such number of $20 bullion coins as the Secretary may determine to be appropriate, that bear the design described in paragraph (2).

"(2) DESIGN.—

"(A) IN GENERAL.—Except as provided under subparagraph (B), the obverse and reverse of the coins minted and issued under this subsection shall bear the original obverse and reverse designs by Augustus Saint-Gaudens which appear on the famous 27-millimeter version of the 1907 Double Eagle ultra-high relief gold piece.

"(B) VARIATIONS.—The coins referred to in subparagraph (A) shall—

"(i) have inscriptions of the weight of the coin and the purity of the alloy in the coin incused on the edge of the coin;

"(ii) the nominal denomination of the coin;

"(iii) the date of issue of the coin on the obverse, expressed as a Roman numeral as in the original design; and

"(iv) bear such other inscriptions, including 'In God We Trust', as the Secretary determines to be appropriate and in keeping with the original design.

"(C) FRACTIONAL COINS PROHIBITED.—No coins issued under this subsection, regardless of the composition, shall ever be made available as so-called 'fractional' coins.

"(3) COMPOSITION.—

"(A) IN GENERAL.—The coins minted under this subsection shall contain .995 pure palladium, except that during the first year of minting and issuance only, the Secretary instead may choose to mint and issue the coin in .999 pure gold.

"(B) 1-YEAR LIMITATION.—If the Secretary chooses to mint and issue the coins described in this subsection in gold during the first year of issue, no coins shall be minted and issued under this subsection in palladium during that year, and such gold coins shall be issued only in proof versions.

"(4) SOURCE OF BULLION.—

"(A) IN GENERAL.—The Secretary shall acquire bullion for the palladium coins issued

under this subsection by purchase of palladium mined from natural deposits in the United States, or in a territory or possession of the United States, within 1 year after the month in which the ore from which it is derived was mined.

"(B) PRICE OF BULLION.—The Secretary shall pay not more than the average world price for the palladium under subparagraph (A).

"(5) SALE OF COINS.—Each bullion coin issued under this subsection shall be sold for an amount the Secretary determines to be appropriate, but not less than the sum of—

"(A) the nominal denomination of the coin;

"(B) the market value of the bullion at the time of sale; and

"(C) the cost of designing and issuing the coins, including labor, materials, dies, use of machinery, overhead expenses, marketing, distribution, and shipping.

"(6) LEGAL TENDER.—The coins minted under this title shall be legal tender, as provided in section 5103.

"(7) TREATMENT AS NUMISMATIC ITEMS.—For purposes of section 5134 and 5136, all coins minted

under this subsection shall be considered to be numismatic items.

"(8) QUALITY.—Except as provided in subparagraph (3)(B), the Secretary may issue the coins described in this subsection in both proof and uncirculated versions.

"(9) SPECIAL TREATMENT.—If the Secretary elects to mint and issue coins in 2009 in gold as described in subparagraph (3)(A), no more than 25,000 shall be available for sale in a special 'Golden Age of American Coinage' set, including a special holder, each in combination only with a proof version of the gold coins described in subsection (q).

"(10) PROTECTIVE AND ANTI-COUNTERFEITING COVER.—

"(A) IN GENERAL.—The Secretary shall give strong consideration to making the coins described in this subsection, regardless of metallic content, available only in protective covers that preserve the coins in the condition in which they are issued, allow clear and easy viewing of the obverse and reverse of the coin and protect it from movement within the holder, and also protect against counterfeiting of such coins or of the container.

"(B) ACQUISITION.—The Secretary may elect to comply with paragraph (A) by producing and assembling such protective covers within the United States Mint or by contracting for the installation of such covers.

"(11) FURTHER ANTI-COUNTERFEITING MEASURES.—

"(A) REPORT REQUIRED.—In an attempt to forestall the counterfeiting or marketing of the coins described in this section, including this subsection, and of collectible, numismatic and rare coins in general, the Treasury Inspector General shall, after consulting with the Director of the United States Secret Service and the Federal Trade Commission, and in consultation with hobbyists, numismatists, law enforcement agencies, and the Citizens Coinage Advisory Committee, shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, before the end of the 9-month period beginning on the date of the enactment of the Original Saint-Gaudens Double Eagle Ultra-High Relief Bullion Coin Act, a report detailing the extent

of counterfeiting of rare, collectible or numismatic coins made available for sale in the United States, regardless of the country where the original of such coin was produced or of the country in which the counterfeiting takes place, or sales overseas if such counterfeit coins are unauthorized copies of coins originally produced by the United States Mint.

"(B) CONTENTS OF REPORT.—The report submitted under subparagraph (A) shall describe the following:

"(i) The extent of such counterfeiting of coins and numismatic items.

"(ii) The source of such counterfeiting, if known, including which countries may be the origin of such counterfeits if they are produced outside the United States.

"(iii) The distribution and marketing channels for such counterfeits within and without the United States.

"(iv) The effect of any such counterfeiting on hobbyists, numismatists and on the investment opportunities for bullion or

numismatic coins produced by the United States Mint.

"(v) Whether such counterfeiting extends to the counterfeiting of coin-grading or protective materials in such a way that might imply that the counterfeit inside had been examined and authenticated by a reputable coin-grading firm.

"(vi) Such recommendations for legislative or administrative action as the Treasury Inspector General may determine to be appropriate to curtail or forestall any such counterfeiting.".

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